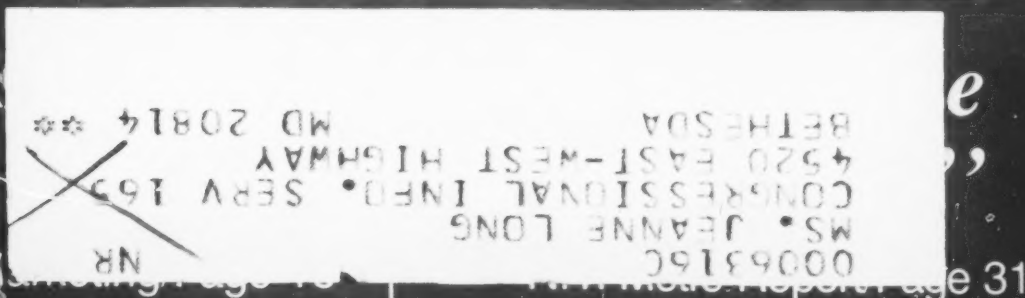


Miami dining out
with eclectic style

Cover story/Focus section

Rudy
above

On Monday



Nation's Restaurant News

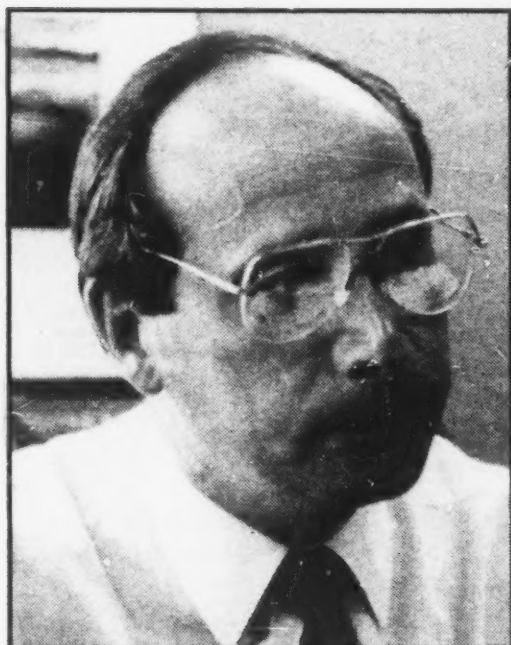
The Weekly Newspaper of the Food-Service Industry



Vol. 21, No. 7

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February 9, 1987



Thomas J. Russo
Foresees "adjustments"



Asher B. Edelman
Names himself chairman

Edelman assumes helm at Ponderosa

Names Russo president, ceo

By Peter Romeo

DAYTON, Ohio — Taking an active role in Ponderosa's operations, Asher B. Edelman, the financier who acquired the steakhouse chain last month, has assumed the chairmanship and promoted Thomas J. Russo, executive vice president, to president and chief executive.

The two men fill the posts vacated by Gerald Office, who had been a driving force behind the steakhouse chain since the 1960s.

In addition, Frank J. Holdraker, senior vice president of Pizza Hut franchisee Coulter Enterprises, was appointed Ponderosa's vice chairman, and Jamie B. Coulter, president of Coulter Enterprises, was named a director.

Holdraker was also named chairman of a newly formed executive committee, which includes Edelman, Russo and Coulter.

Both Coulter and Holdraker are new at Ponderosa. (See EDELMAN, page 97)

Cajun dinnerhouses set ambitious growth plans

Three operators seek nationwide exposure

By Carolyn Walkup

NEW ORLEANS — Seeking to cash in on the newfound popularity of Louisiana-born cuisine, the owners of three small Cajun dinnerhouse chains are laying ambitious plans to expand their operations nationally.

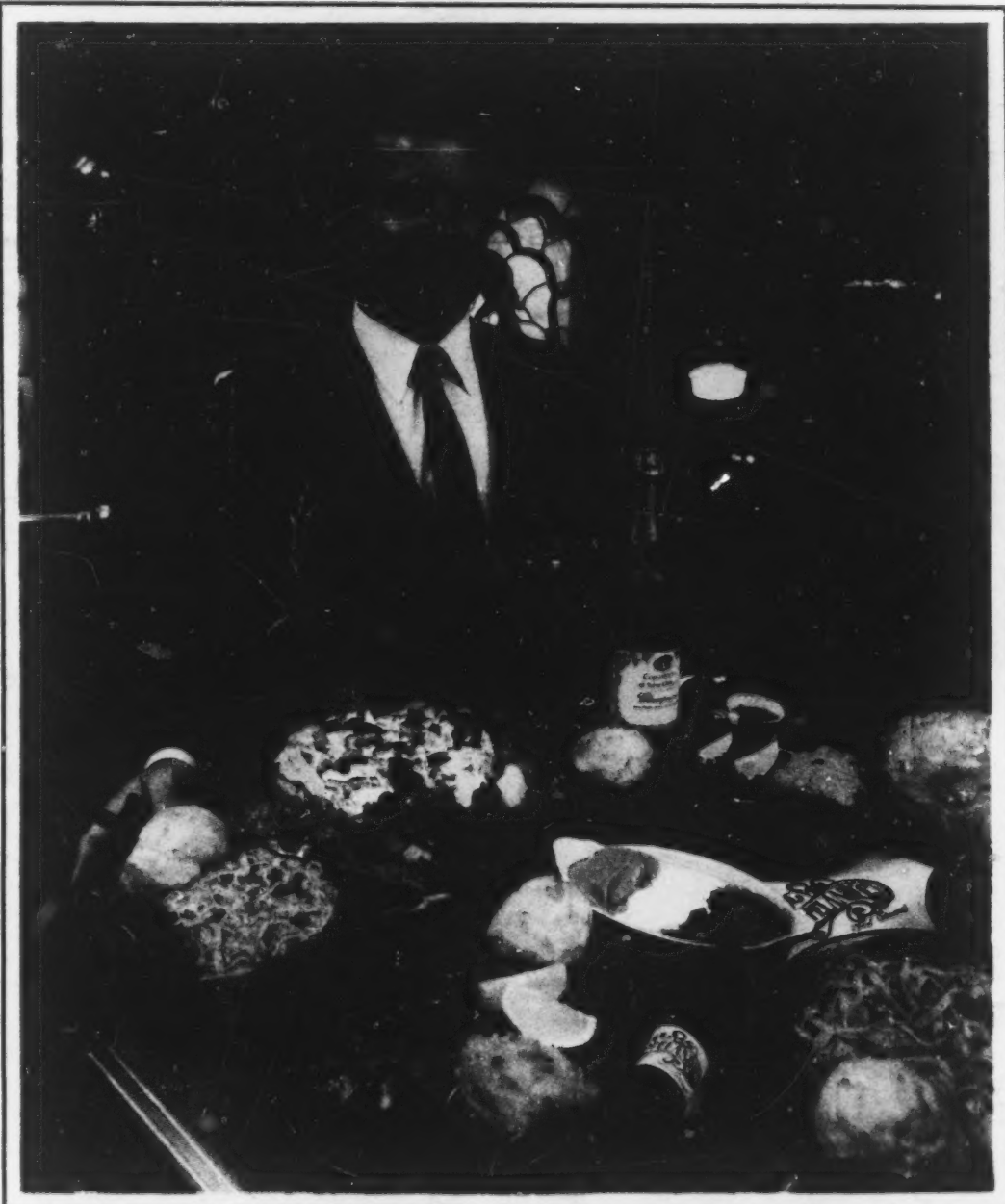
Although franchising a full-service restaurant is rare, the owners of Patout's, Copeland's Cajun American Cafe and Magnolia Cafe say they are trying it to meet what some believe is a national demand for regional cooking.

They would seem to face stiff obstacles.

National dinnerhouse chains, such as Bennigan's and T.G.I. Friday's, have successfully integrated Cajun with other cuisines, and even a fast-food chain, Long John Silver's Seafood Shoppes, has added Cajun items to its menu.

In addition, dinnerhouse operations have generally proved resistant to franchising. Bennigan's, Friday's and Red Lobster, for example, are mostly company owned.

And other operators have (See CAJUN, page 90)



Al Copeland, founder of Popeyes, has opened six Cajun American Cafes. A seventh is under construction.

IFA faces franchise law fracas

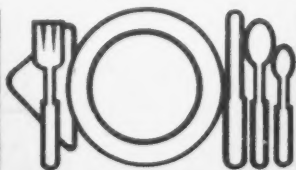
*Conferees express
renewed concern*

By Charles Bernstein

ACAPULCO — Franchisee groups are pressing for "anti-franchisor" legislation in Nevada, Oregon and at least seven other states, Tastee Donuts president Burgess McCranie warned here late last month.

He spoke at the 27th annual convention of the International Franchise Association (IFA) against a backdrop of renewed concern expressed by many of the 500 franchisor attendees from various fields. The food-service executives attending (See IFA, page 97)

FOOD



WATCH

Meal deals for luring lovers

Restaurants around the country are promoting Valentine's Day with special meals and deals to woo lovers.

Bacino's Italian restaurants in Chicago's downtown and in the Lincoln Park neighborhood will offer heart-shaped pizzas—either deep-dish or thin crust—on the Feb. 14 holiday.

Warren Butler, chef at Delaney & Murphy, a steakhouse in the Woodfield Hilton and Towers in Arlington Heights, Ill., said Valentine's specials will include grilled pepperloin steak and rack of lamb for two.

The hotel's special holiday weekend package includes a Sunday champagne brunch at The Brasserie.

Tastings on 2, a country French restaurant in New York, is promoting a \$100-a-couple, five-course dinner. The restaurant's special Valentine's Day menu features sweet potato ginger soup, smoked salmon terrine with salmon caviar, rack of lamb with honey mustard thyme sauce, salad with nasturtium flowers and hot chocolate profiteroles.

Four different wines and afterdinner drinks are included in the price.

Additional food news on page 10 and elsewhere inside

Greenfield shuts Coyote nine months after debut

NRN Midwest Bureau

CHICAGO — Roger Greenfield, who shot to prominence by opening three trendy restaurants in this city within a year, has closed one of them after only nine months.

The Coyote Grill, a pioneer in bringing Southwestern cuisine to Chicago, was shut because of a lack of traffic, an employee at the restaurant said.

Greenfield, who opened Coyote, Dixie Bar & Grill and Cucina Cucina! in rapid succession, could not be reached for comment.

The closing came one day after a published report that Greenfield's landlord at Coyote had filed suit against him

for back rent on the restaurant and the Greenfield Restaurant Group's corporate office. A check of Cook County Circuit Court records and inquiries to the landlord found no confirmation of the report.



Greenfield

Coyote's fall came on the heels of the cancellation of contracts Greenfield had to manage two other restaurants, McMahon's and The Diner. McMahon's is a sports-themed co-owned by Chicago Bears quarterback Jim McMahon, and The Diner is a 1950s-style restaurant. (Related story on McMahon's, page 32.)

Only the second local restaurant to feature Southwestern food, Coyote received a (See GREENFIELD, page 90)

Insurance liability crisis may ease, operators told

NRN San Francisco Bureau
SAN FRANCISCO — After two years of an insurance liability crisis that has raised rates and reduced availability, restaurateurs may see some relief when they next shop for protection.

Robert B. Sanborn, recently retired president of the New Hampshire Insurance Co., gave that assessment during the National Restaurant Association's annual conference for independents here last month. He was part of a panel addressing insurance premium problems.

Conference-goers also heard of a new law that could make it

easier for them to obtain insurance, and they picked up tips on lowering premiums.

The rates charged by insurance companies during the last two years are starting to "carry through to the bottom line," Sanborn said. That, he said, would result in an "increased capacity to write insurance."

And, he noted, "even those businesses that are in what we call, 'difficult' [higher-risk] classes will also see some relief in rates."

Sanborn tempered his positive message by adding that insurance companies were likely to write more of the new policies in states like Washington,

where judicial reforms have been enacted.

He maintained that the steep rise in insurance premiums from 1984 to 1986 resulted from a justice system run amok with excessive awards to plaintiffs in liability cases, the payment of outrageous legal fees to their attorneys and the tendency of juries to find anyone and everyone liable when someone is injured or killed.

While some states, including New Hampshire and Florida, have tried to legislate changes in the civil-justice system or tort reform, more states need to do so, Sanborn declared. He urged that restaurateurs,

fighting for reform, should band together with other groups hard hit by high premiums.

Tom Jackson, a New Hampshire insurance agent, said he believed the availability of coverage was most affected by his industry's cyclical nature. In other words, as more insurance companies compete for a particular market, such as food service, the premium rates begin to drop until serving that market is no longer worth the risk and insurers drop out, making coverage hard to find.

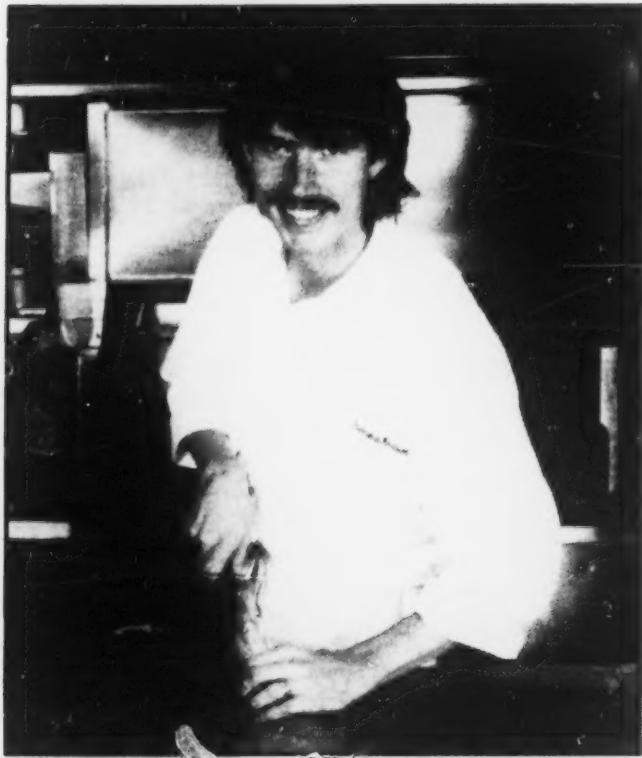
"The difficulty in obtaining insurance will be back, and at this point I should say that the

ease of obtaining insurance will be back; you'll be sitting here two years from now without the [availability] problem. . . . I'm not [however] saying that the price will go back down [to pre-1984 levels]," he said.

He also pointed out that restaurateurs might benefit from the national Risk Retention Act of 1986, which permits trade associations to provide liability insurance to members.

Participating associations, Jackson said, could supply members with a stable source of protection as coverage dries up from time to time in accordance with the market. (See *INSURANCE*, page 4)

Batons converts cocktail lounge into cafe to speed table turns



Richard Krause, chef at Batons, has created a new menu featuring 20 items priced under \$10.

By Joe Edwards

NEW YORK — Batons' owner, Andre Sfez, has converted an underutilized area of his popular California-style restaurant to a 100-seat, limited-menu cafe featuring small pizzas, appetizers, salads and pastas.

Batons Cafe is situated in the front section of the Greenwich Village restaurant that was formerly used as a cocktail lounge and holding area for customers awaiting tables in the rear dining room.

By converting the area to a cafe, Sfez can hope for quicker table turns, better use of his expensive West 11th Street space and an opportunity to serve meals to those customers who might otherwise be turned away. On most nights reservations are a must at Batons.

Christine Chapeau, spokeswoman for the restaurant, said the cafe, which opened in late January, is designed

"for people who don't want a full-course meal."

Chef Richard Krause's new cafe menu has 20 items, all of which are priced at less than \$10. They are categorized as California hors d'oeuvres; pizza and pasta, and Chinese flavor.

The cafe menu also has a large selection of more than 70 California, French and Italian wines and French champagnes by the glass and bottle.

Selections include warm potato salad with grilled duck sausage (\$8), black ravioli with lobster and scallops in mild curry cream sauce (\$8.50), stir-fried garlic chicken with lettuce and tomato (\$8.50), spicy pork wontons with plum sauce and hot Chinese mustard (\$7.50) and duck rillette pizza with grilled endive and onions (\$9.50).

Some of the items were taken from Batons' dinner menu; others were created specifically for the cafe. Batons' regu-

lar menu is divided into four parts—appetizers, pizza, pasta and main courses. Desserts are listed separately.

Appetizers range in price from \$6.50 to \$12.50, pizzas from \$9.50 to \$11.50, pastas from \$9.50 to \$12.50 and main courses from \$14 to \$22.

Sfez, who helped start the Pizza Pino chain in Paris in 1960 and Pronto Italian restaurant in New York in 1976, opened Batons less than two years ago during the first wave of excitement in the city over "California cuisine."

Chef Krause, who cooked at trendy Spago and Chinois on Main in Los Angeles before accepting Sfez's offer to relocate in Manhattan, created a Spagolike grill menu with regional American, Asian and French influences.

Batons has enjoyed generally enthusiastic reviews and, if one is to judge from the turnaway crowds nightly, a brisk business.

LATE NEWS DIGEST

Burger King tests salads

MIAMI — Burger King is testing four pre-packaged salads—chef's, garden, shrimp and spinach—at 36 outlets in three markets, according to president Charles S. Olcott. Prices range from \$1.89 for the garden salad to \$2.39 for the shrimp salad, he said.

Insurance reform unveiled

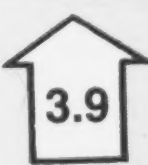
WASHINGTON — In a move to lower insurance premiums and increase availability, Sen. Howard Metzenbaum (D-Ohio) has introduced legislation to repeal the 42-year-old McCarran-Ferguson Act which exempts the insurance industry from Federal antitrust statutes.

Victoria Station gets plan

LARKSPUR, Calif. — Victoria Station has agreed with its secured and unsecured creditors on a Chapter 11 bankruptcy reorganization plan that provides for the distribution of cash proceeds from the sale of certain restaurants, and for the issuance of interest-bearing notes. Unsecured creditors would get 60% of the reorganized company's stock. President Richard Niglio said he would resign following court confirmation, which could come in April. Victoria Station operates about 30 dinnerhouses.

Indian chain buys Mexican

NEW YORK — Bombay Palace Restaurants Inc., which operates 14 Indian restaurants, said it has agreed to acquire seven Mexican restaurants in New York, Chicago and London from a group that includes the company's founder and president, Sant Chatwal. The restaurants include two Zona Rosa Mexican restaurants in Manhattan; another in London; two that are under construction in Chicago, and two other casual Mexican dinnerhouses in Manhattan—Panama City and Bamboo Bernie.



WALL STREET UPDATE

Index up 3.9

NEW YORK — The *Nation's Restaurant News* Stock Index climbed 3.9 points in the week ended Jan. 30, closing at 174.9. Price-change winners beat the winners by about 7 to 6.

(Story, Charts on pages 98-100)

Cafe Japonais closed

NEW YORK — Howard Stein has closed his trendy, year-old Cafe Japonais on East 58th Street two months after a report he had filed for protection from creditors under Chapter 11 of the Federal Bankruptcy Code. Stein also owns the high-volume Prima Donna across the street. Reports that he plans to move Prima Donna to the Cafe Japonais site remain unconfirmed.

Taco Viva tries fajitas

POMPANO BEACH, Fla. — Taco Viva, a 63-unit Mexican fast-food chain, is testing chicken and steak fajitas in six Florida outlets. Prices are \$1.49 for a single or \$3.69 for two fajitas with guacamole and cheese. The chain is also reintroducing sangria (wine and fruit juice) in some of its units, according to chairman J. Brion Foulke III. Most Taco Viva units already sell beer.

Dunkin opens Chili's

WARWICK, R.I. — Dunkin Ventures, a subsidiary of Dunkin Donuts, has opened its first franchised Chili's Grill & Bar in this Providence suburb. A second Dunkin-franchised Chili's is scheduled to open in June in Hyannis, Mass.

INSIDE THIS ISSUE

Regular patrons of The "21" Club are anxiously awaiting the reopening of the landmark restaurant, wondering just how far management will go in revamping the beloved institution. *Page 31.*

Johnny Rockets, the extraordinarily high-grossing Los Angeles home of "the original hamburger", uses a stylish, old-fashioned approach to squeeze up to 700 fans a day into its cozy, 20-seat interior. *Page 34.*

Chief executives often find that delegating responsibility is often the most difficult part of their job. According to one, it can be a gut-wrenching process. *Page 77.*

French wine prices, spiraling upward for the past four years, are meeting resistance from consumers and importers alike. *Page 10.*

The food buyer for The Highlander Inn & Supper Club in Iowa City depends upon salesmen to demonstrate product differentiation, to serve as conduits for specialists and to provide industry information. *Page 64.*

A sudden upsurge in demand for draft beer may be an indication that the impact of campaigns against drinking and driving has peaked, according to Department of Commerce researchers. *Page 74.*

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'Mega Bar' helps Ryan's to rake in profits

GREENVILLE, S.C.—The "Mega-Bar," a 65-item, 35-ft.-long salad bar, is helping the 70-unit Ryan's family steakhouse chain to more than double profits and revenues annually.

In a year when many restaurant operators were struggling against flat traffic counts and narrowing margins, Ryan's earned \$10.8 million, up from \$5.4 million in 1985.

Revenues rose 92%, to \$105 million, from \$54.7 million a year earlier.

Since being installed chain-wide two years ago, the Mega-Bar has accounted for approximately 50% of the company's sales, according to T. Mark McCall, Ryan's president and chief operating officer.

Ryan's profits for the fourth quarter of 1986 were \$3 million, up 74% from the \$1.7 million re-

corded in the same 1985 period. Fourth-quarter 1986 revenues rose 62%, to \$29.7 million, from \$18.3 million for the comparable 1985 fourth quarter.

The company, whose units stretch from Indiana and Ohio to Florida, has chalked up profit increases of at least 45% every year since 1980, McCall said.

The Mega-Bar evolved from Ryan's need to increase its

lunch traffic, McCall said.

"We realized that many of our customers wanted to eat lighter meals at lunch than the hearty steak dinners that were the backbone of our business," he noted.

In addition to salad items, the Mega-Bar offers a variety of hot meats, soups, vegetables, desserts, fresh fruits with toppings and hot yeast rolls made on site from scratch.

The number of Mega-Bar items never varies, but the meats, vegetables and soups are rotated for variety. A corporate committee, headed by Chuck McWhorter, Ryan's vice president of operations, continually tests new products for possible inclusion on the Mega-Bar.

The Mega-Bar alone costs \$3.89; in conjunction with an entrée, \$1.69. Ryan's most expensive entrée, a large prime rib dinner, costs \$8.39.

Mega-Bars are located directly in the center of the dining room at each Ryan's family steakhouse.

"We wanted the Mega-Bar to be easily accessible to all of our customers," Ryan's said. "In the center of the room it keeps the traffic flowing around, and it's an easy product to market well."

Most of Ryan's marketing is done via word-of-mouth. The chain shuns formal advertising, choosing instead to invest in its food products.

"We have one of the highest food costs [45% of sales] in the steakhouse category," McCall said.



Ryan's Mega-Bar offers not just salad items, but hot meats, soups, desserts, fresh fruit and hot yeast rolls. The unit was developed to increase lunch traffic; portions cost \$3.89.

Trade envoys avert tariff hike on imported foods

NRN Washington Bureau

WASHINGTON — U.S. international trade negotiators struck an 11th-hour compromise with their European counterparts, averting a potentially devastating 200% tariff hike on imported foods, wine and other alcoholic beverages.

Despite the agreement, U.S. restaurateurs may yet feel the sting of the threatened tariff increases.

Some importers reportedly cut back orders of European foods and beverages in anticipation of the stiff new duties—a move that could create supply shortages

for food service this month.

In addition, with protectionist sentiment running high on Capitol Hill, many observers fear other threatened trade restrictions will surface during the coming months.

Under the settlement, European negotiators agreed to compensate U.S. farmers for losses suffered as a result of trade restrictions imposed on U.S. shipments of crops to Spain and Portugal after those countries entered the Common Market.

The tariffs—which had been scheduled to take effect at the end of last month—

would have doubled or even tripled the cost of many European brandies, wines, gins, cheeses, meats and other imported delicacies.

The White House ordered the new duties late last year in retaliation for Common Market restrictions on shipments of U.S. grain and other agricultural commodities.

The President's Dec. 30 decision triggered intense negotiations between U.S. and European trade representatives and prompted panic among food and beverage importers in this country.

Liability crisis may moderate

(Continued from page 2)

dance with the insurance industry cycle. Involvement by associations might also lead to lower premiums, he said.

Panelist Moe Mozier, owner of Henry David's Restaurant in New Hampshire, said operators could lower their premiums by creating a comprehensive alcoholic beverage program with such components as server-awareness training, drink limits, alternative driver and free-rides-for-drunks policies and strictly enforced employee drinking rules.

The use of "incident reports" is also helpful in convincing an insurer that a restaurant is trying to manage risk, Mozier said. Managers fill out the report forms immediately after an accident so that they do not forget information that could prove helpful later in defending a lawsuit.

By working to reduce risk,

Mozier said, some operators, including him, have gained the confidence needed to reduce the dollar amount of their coverage and, consequently, their premiums.

Both Mozier and Terry Higgins, a consultant who was formerly the risk manager at Saga Corp., encouraged restaurateurs to "sell" themselves as safety conscious to insurers and to "shop around" for the best deal. Sanborn and Jackson agreed those tactics could reap savings.

Higgins advised operators to keep records of all the claims paid out on their behalf because a documented low-claims rate could prove useful in negotiating policy price.

Higgins also suggested that operators could save on premiums by accepting more of the risk of doing business through policies with higher deductibles.

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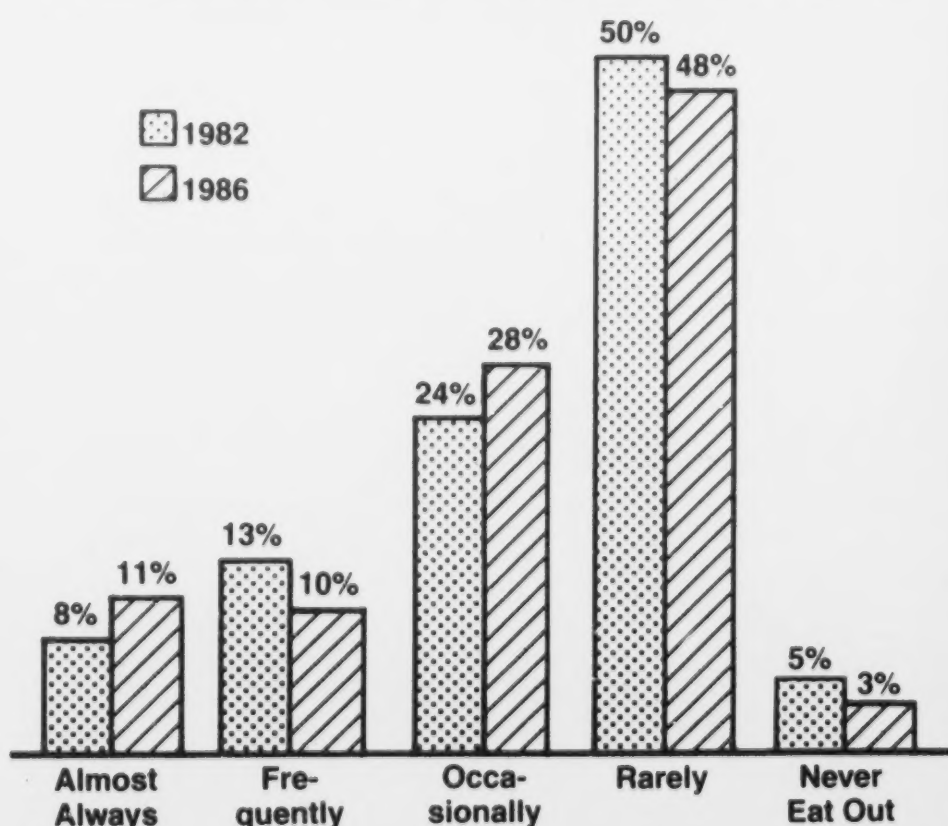
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Vol. 21, No. 7 February 9, 1987

NRN FACT FILE

FREQUENCY OF ORDERING DESSERT



Source: Gallup Report

FINANCIAL NEWS

NRN Stock Index, continuing climb, reaches 174.9, up 3.9

NEW YORK — The *Nation's Restaurant News* Index of 84 stocks rose 3.9 points in the week ended Jan. 30, closing at 174.9.

The Dow Jones Industrial Average of 30 blue-chip issues went up 56.52 points in the week, finishing at 2158.04, after closing at a record 2163.39 on Jan. 28. Analysts said cash-rich money managers were still investing heavily in equities.

For the month the Dow soared 11.9% while the NRN index kept pace with a 10.3% gain.

Seventy-one stocks on NRN's complete list of 158 restaurant, lodging, food-service manufacturing and distributing and diversified companies closed at higher prices, while 60 finished the week lower and 27 stayed the same.

But issues changing hands at volumes below their 12-week trading averages outnumbered active performers, 95 to 61, with two unchanged.

Bombay Palace, which operates 15 Indian-style restaurants, led the volume surgers, with 160,900 shares being traded, 213.7% above average. The company said it had agreed to buy seven restaurants

that would broaden its range to Mexican and Caribbean cuisines. Its price fell 13¢, to \$5.88.

Jerrico was a top price gainer, rising \$1.63, to \$20.88, on volume of 1.3 million shares. The company, which operates the seafood-segment leader Long John Silver's, reported that year-to-year net profit for the second quarter, ended Dec. 31, was relatively flat, at about \$5.2 million.

McDonald's, another segment leader, also reported quarterly earnings, a 9.6% increase in fourth-quarter profit, to \$113 million. The stock went up \$2.13, to \$69.75, on above-average volume of 2.7 million shares.

Rusty Pelican made the top-10 percentage price decliners list, falling 88¢, to \$7. Volume was below average, at 44,900 shares. Potential corporate raider Edward P. Grace said he had dropped his plans to take over the company and sue its officers. Grace, a Rhode Island businessman, owned 7.2% of the stock.

Sandwich Chef was the only issue to close at a 52-week low, down 25¢, to \$5.50. There were no new highs.

VOLUME TREND LEADERS

Bombay Palace	M	213.7	Rudy's Restaurant	M	100.0
Welbilt Co	M	186.3	Chili's Inc	M	97.5
Consul Rest	M	145.9	Intl Multifood	N	92.5
James River	N	121.3	Piccadilly Cat	M	90.0
RJR Nabisco	N	113.9	El Pollo Asa	M	72.3

TOP PERCENTAGE PRICE GAINERS

Stuff Yer Face	O	50.0	Sysco Corp	N	11.5
Am Restaurants	M	37.5	Hamborg Hamlet	M	10.0
Chels Intl	O	25.0	Capt Crab	M	10.0
Maverick Rest	M	18.8	Philip Morris	N	8.8
CPC Intl Inc	N	12.0	Jerrico Inc	M	8.4

TOP PERCENTAGE PRICE LOSERS

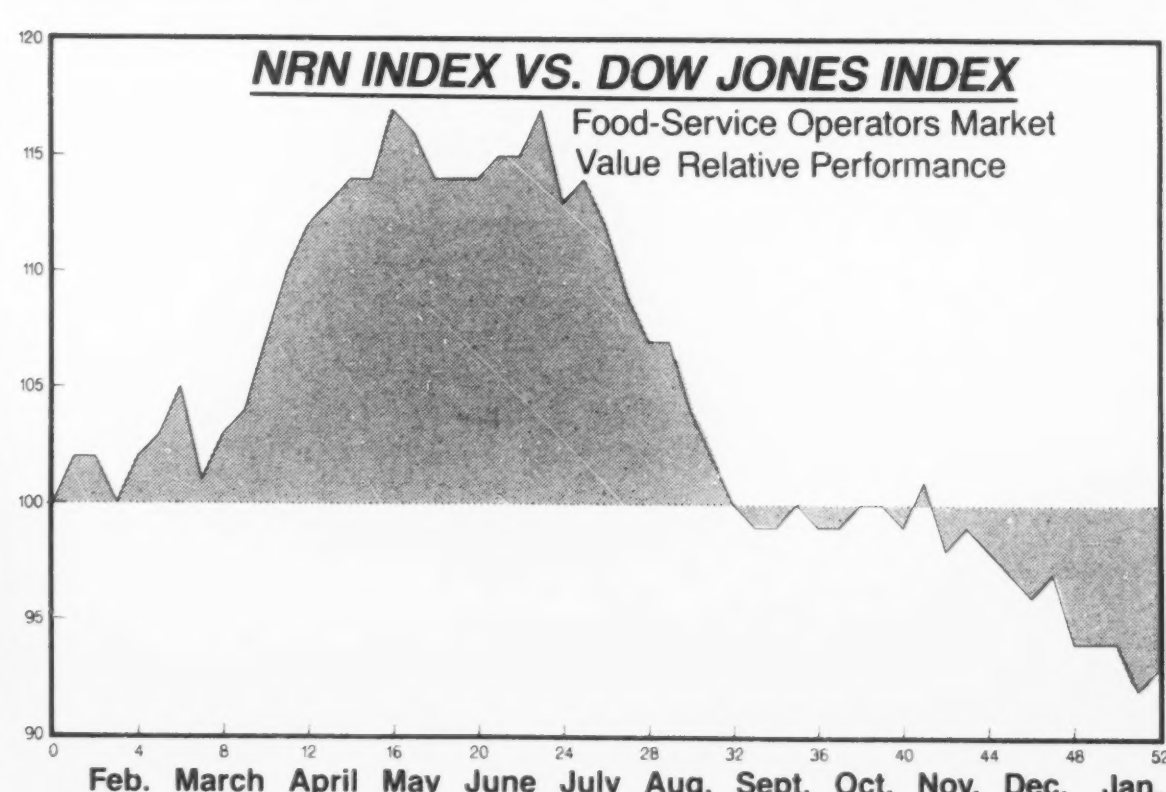
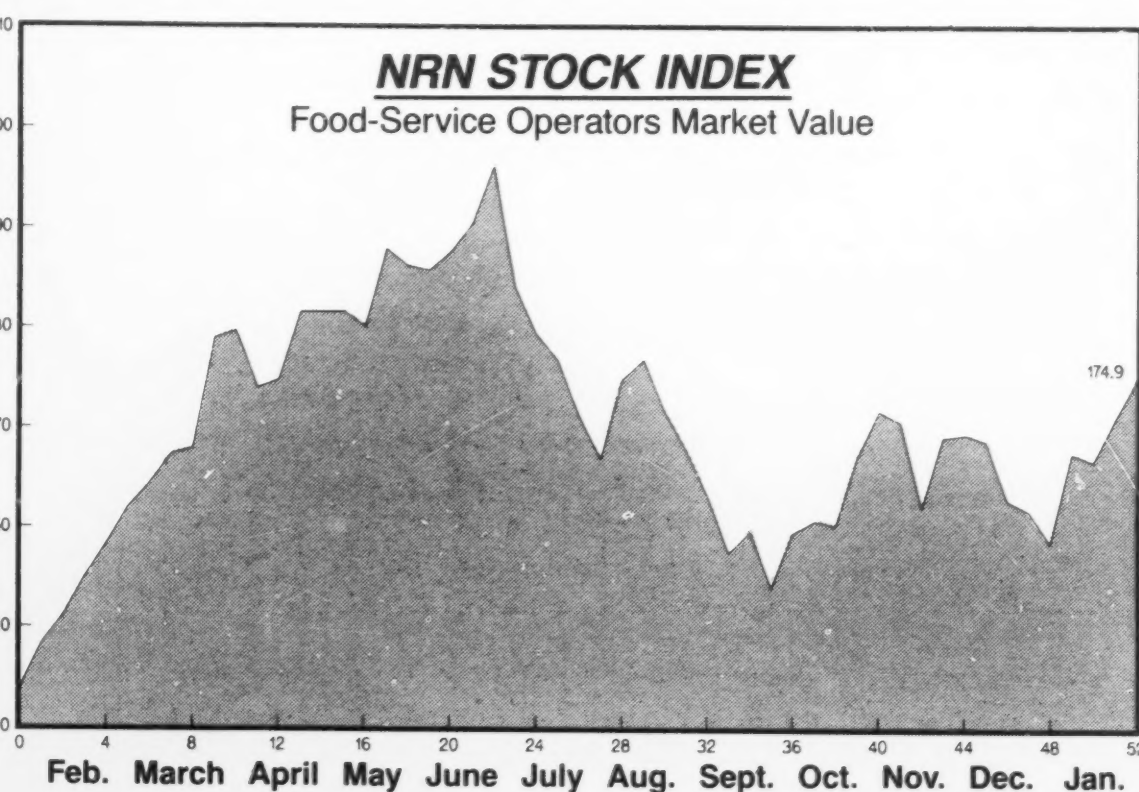
Primo Inc	O	-31.3	Rusty Pelican	M	-11.1
Sonesta Intl	M	-18.2	ARK Restaurants	M	-11.1
Consul Rest	M	-14.3	Pancho Mex Buffet	M	-9.4
Allegheny Bev	M	-13.0	Old Fashion Fd	M	-9.1
McFaddin Ven	A	-11.8	Vie de France	M	-8.5

All figures represent weekly percentage change

Company and Market	Stock Market												Financial Update																		
	Price						Volume						P/E		Indicated Divd. Rate		Latest Report			Latest Quarter						Year-to-Date					
	1-30-87		Weekly Change		52-Week Range		Weekly Shares Traded		12-Week Avg. Vol.		Volume Trend									Revenue		Net Income		EPS		Revenue		Net Income		EPS	
	Close	Amt.	Pct.	High	Low	High	Low	Total	% Out	As % Out	Change	Ratio	Amt.	Yld.	Report	Period	Dated	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago		
	\$	\$	%	\$	\$	\$	\$	(100)	%	%	%	-	\$	%	-	-	-	\$M	\$M	\$M	\$M	\$	\$	\$M	\$M	\$M	\$M	\$	\$		
Restaurants - NRN Stock Index Issues																															
Am Restaurants	M	2.75	.75	37.5	2.75	2.00	4.13	1.50	14	.06	.16	-62.5	NE	.00	.0	.....	9 mos.	10-86	4.8	5.4	(.3)	(.2)	(.15)	(.06)	14.2	15.8	(.7)	(.1)	(.32)	(.02)	
ARK Restaurants	M	4.00	-.50	-11.1	4.50	4.00	12.25	3.25	223	.58	.88	-34.1	NE	.00	.0	NEW	fiscal	09-86	6.6	5.1	(.8)	.2	(.26)	.08	24.4	19.0	(.3)	.9	(.09)	.30	
Assoc Hosts	M	8.25	.13	1.5	8.25	8.00	9.63	7.38	582	1.29	1.01	27.7	NE	.12	1.5	NEW	fiscal	09-86	18.5	21.3	.7	.1	.17	.02	81.5	89.5	(2.9)	2.1	(.64)	.46	
Bob Evans Farms	M	19.50	-.75	-3.7	19.75	19.25	23.19	17.19	2,700	1.19	.89	33.7	21.9	.28	1.4	.....	6 mos.	10-86	80.3	66.2	4.9	5.6	.26	.25	153.3	128.1	9.8	10.6	.44	.47	
Bombay Palace	M	5.88	-.13	-2.1	6.38	5.75	6.25	4.00	1,609	8.94	2.85	213.7	19.6	.00	.0	.....	9 mos.	09-86	2.2	1.9	.3	.1	.06	.09	6.0	5.2	.4	.3	.20	.20	
Burger King MLP	N	20.25	-.50	-2.4	20.88	19.88	24.38	17.75	546	1.34	1.09	22.9	NA	1.10	5.4	.....	00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
Calny Inc	M	8.25	.25	3.1	8.50	8.13	16.00	6.75	3,259	6.87	4.77	44.0	34.4	.16	1.9	.....	9 mos.	11-86	19.4	16.6	.5	1.1	.10	.24	56.2	46.8	1.2	2.7	.25	.59	
Capri Crab	M	.69	.06	10.0	0.75	0.63	1.50	.56	721	.46	1.05	-56.2	22.9	.00	.0	.....	3 mos.	11-86	2.6	2.4	.2	(.1)	.01	(.01)	2.6	2.4	.2	(.1)	.01	(.01)	
Chels Intl	O	.31	.06	25.0	0.38	0.25	.47	.09	1,882	.98	1.06	-7.5	NE	.00	.0	.....	6 mos.	07-86	5.5	5.5	.0	NC	.00	NC	10.8	10.8	(.2)	NC	(.01)	NC	
Chi-Chi's	M	6.63	-.13	-1.9	6.88	6.50	11.25	6.50	10,570	3.90	3.56	9.6	31.5	.00	.0	.....	6 mos.	10-86	75.7	64.7	1.8	3.5	.07	.13	151.7	129.8	4.6	8.0	.17	.30	
Chili's Inc	M	26.13	-.38	-1.4	27.00	26.00	27.50	18.50	3,310	6.34	3.21	97.5	28.1	.00	.0	.....	3 mos.	09-86	35.6	25.3	1.5	1.3	.27	.26	35.6	25.3	1.5	1.3	.27	.26	
Churchs Fr Ch	N	11.75	.25	2.2	12.13	11.25	18.50	10.63	5,923	1.57	1.74	-9.8	43.5	.46	3.9	.....	9 mos.	09-86	115.4	136.3	3.6	9.9	.10	.26	341.8	389.3	15.8	29.0	.42	.77	
Collins Foods	N	19.63	.38	1.9	19.88	19.00	20.13	12.50	945	.47	1.77	-73.4	38.5	.12	.6	.....	6 mos.	10-86	175.4	132.8	3.4	5.8	.17	.28	352.0	269.2	15.3	11.4	.74	.56	
Concept Dev	M	6.50	.38	6.1	6.50	6.13	8.38	2.00	148	.28	.96	-70.8	NE	.00	.0	.....	3 mos.	09-86	5.5	9.3	.2	(.9)	.04	(.18)	5.5	9.3	.2	(.9)	.04	(.18)	
Consol Prods	M	3.63	.25	7.4	3.63	3.38	3.75	2.38	117	.36	.82	-56.1	25.9	.08	2.2	.....	fiscal	09-86	20.5	20.4	.6	(.2)	.16	(.06)	84.8	70.6	.5	NC	.14	NC	
Consul Rest	M	1.50	-.25	-14.3	1.75	1.25	4.25	1.25	1,881	3.91	1.59	145.9	NE	.00	.0	.....	6 mos.	11-86	17.7	18.6	(.6)	(1.1)	(.12)	(.24)	37.4	40.4	(.4)	(1.0)	(.09)	(.22)	
Cracker Barrel	M	19.38	.13	.6	19.75	19.25	22.25	14.50	264	.74	1.62	-54.3	18.3	.14	.7	.....	3 mos.	10-86	23.9	20.3	1.2	1.0	.33	.28	23.9	20.3	1.2	1.0	.33	.28	
Cucos Inc	O	2.25	.00	.0	2.50	2.25	7.50	2.00	30	.16	.69	-76.8	NE	.00	.0	.....	3 mos.	09-86	3.3	2.8	(.2)	.1	(.10)	.05	3.3	2.8	(.2)	.1	(.10)	.05	
Dunkin Donuts	M	28.50	-.75	-2.6	29.50	28.50	37.38	24.88	1,473	2.03	3.02	-32.8	17.5	.28	1.0	.....	fiscal	10-86	25.7	24.1	2.6	2.4	.36	.32	104.2	94.4	12.1	10.6	1.83	1.43	
El Chico	M	4.00	-.13	-3.0	4.13	3.88	8.25	3.50	997	2.14	2.26	-5.3	23.5	.00	.0	.....	6 mos.	11-86	20.0	30.1	(.4)	.6	(.09)	.12	41.7	52.0	(.2)	1.6	(.05)	.34	
El Pollo Asa	M	6.50	-.25	-3.7	6.88	6.13	8.38	5.00	1,537	4.10	2.38	72.3	NM	.00	.0	.....	6 mos.	09-86	2.3	1.6	.2	.2	.04	.05	4.6	3.0	.2	.2	.05	.06	
Famous Rest	M	1.81	-.06	-3.3	1.94	1.75	2.63	1.44	514	.86	1.19	-27.7	NM	.00	.0	.....	9 mos.	09-86	14.2	11.9	.0	NC	.00	.01	46.3	40.5	.4	.3	.06	.06	
Fast Food Oper	O	.31	.00	.0	0.38	0.31	.69	.25	103	.17	.33	-48.5	NE	.00	.0	.....	9 mos.	09-86	2.1	2.2	(.2)	NC	.00	.01	5.8	5.9	(.1)	.1	(.02)	.02	
Fried's	A	39.63	.13	.3	39.75	38.50	40.66	19.59	235	.50	.66	-24.2	57.4	.22b	.6	.....	6 mos.	11-86	32.4	30.1	.5	.6	.10	.15	76.3	71.1	1.6	1.5	.32	.33	
Fuddruggers Inc	M	1.88	.00	.0	1.88	1.75	5.63	1.38	447	.66	3.52	-81.3	NE	.00	.0	.....	9 mos.	09-86	18.9	14.7	(.7)	.1	(.09)	.01	52.1	38.6	(3.4)	.6	(.50)	.09	
Hamborg Hamlet	M	5.50	.50	10.0	5.50	5.00	7.75	3.19	92	.27	.26	.38	12.2	.00b	.0	.....	6 mos.	09-86	11.1	9.5	.1	.3	.04	.09	21.8	18.9	.2	.7	.07	.22	
Intl Dairy Queen a	M	29.75	2.25	8.2	30.50	27.50	35.50	16.00	734	.76	.60	26.7	23.8	.00	.0	.....	fiscal	11-86	37.1	31.5	1.8	1.6	.19	.17	183.9	159.1	12.1	9.7	1.25	.98	
Intl Kings Tab	M	16.63	.13	.8	17.00	16.63	30.00	16.00	1,396	4.82	6.64	-27.4	69.3	.00	.0	.....	6 mos.	12-86	20.0	19.0	.2	.6	.15	.22	40.9	37.9	1.2	1.7	.51	.60	
JB Restaurant	M	5.88	.13	2.2	6.00	5.75	10.50	5.00	699	1.44	3.10	-53.5	NE	.00	.0	.....	fiscal	09-86	26.0	26.8	.8	.6	.17	.12	107.5	96.3	(3.3)	2.4	(.67)	.60	
Jerrico Inc	M	20.88	1.63	8.4	20.88	18.88	26.38	17.88	13,435	6.31	4.52	39.6	15.9	.16	.8	NEW	6 mos.	12-86	143.7	140.3	5.2	5.1	.25	.24	296.9	280.0	12.6	12.3	.60	.58	
Kapok Co	A	2.88	-.13	-4.2	3.13	2.75	5.88	2.00	171	.67	.49	36.7	NE	.00	.0	.....	9 mos.	06-86	2.9	2.7	(.6)	1.1	(.23)	.40	9.4	7.6	(1.1)	4.9	(.44)	2.01	
Karcher Carl	M	16.38	.00	.0	16.75	16.38	20.50	13.63	2,251	3.17	2.83	12.0	21.5	.00	.0	.....	9 mos.	10-86	74.2	75.1	1.8	1.5	.25	.22	240.8	249.7	4.2	3.8	.58	.54	
Lifestyle Rest	A	.88	.06	7.7	0.94	0.69	2.19	.69	511	.90	.74	21.6	NE	.00	.0	.....	9 mos.	07-86	18.0	18.1	(.4)	(.6)	(.07)	(.12)	58.7	59.8	(1.8)	(4.8)	(.32)	(.85)	
Luby's Cafe	N	27.63	.50	1.8	27.75	26.63	28.88	22.50	979	.54	.58	-6.9	22.6	.44	1.6	.....	3 mos.	11-86	55.2	51.5	5.3	4.9	.29	.27	55.2	51.5	5.3	4.9	.29	.27	
Marous Corp	M	20.38	-1.00	-4.7	20.75	20.13	29.75	19.25	568	1.11	.86	29.1	12.8	.33	1.5	.....	6 mos.	11-86	34.1	32.2	1.6	2.2	.31	.43							
Marriott Corp	N	35.50	1.50	4.4	35.75	32.88	38.19	23.59	18,726	1.42	1.11	27.9	25.9	.16	.5	.....	9 mos.	09-86	1295.3	969.0	49.2	44.8	.36	.33	3416.3	2845.5	135.5	115.6	.99	.86	
Maverick Rest	M	1.19	.19	18.8	1.25	1.00	2.63	1.00	85	.17	.44	-61.4	NE	.00	.0	.....	9 mos.	10-86	3.8	3.5	(.1)	.1	(.03)	.01	11.1	9.9	.0	NC	.00	(.01)	
Max & Erma's	O	1.63	.00	.0	1.88	1.63	2.25	1.63	74	.41	.44	-6.8	NE	.00	.0	.....	fiscal	10-86	3.8	3.7	.0	(.2)	.00	(.07)	16.5	16.3	(.3)	(.3)	(.19)	(.14)	
McDonald's Cp	N	69.75	2.13	3.1	70.25	66.25	76.75	53.19	27,634	2.16	1.59	35.8	19.2	.66	.9	.....	9 mos.	09-86	1133.7	1014.6	142.3	128.1	1.11	.99	3151.9	2778.8	366.2	329.5	2.84	2.53	
McFaddin Ven	A	1.88	-.25	-11.8	2.13	1.88	6.38	1.38	179	.32	.56	-42.9	26.8	.00	.0	.....	9 mos.	09-86	16.5	18.3	(.3)	1.3	(.05)	.23	52.2	48.1	.1	3.9	.01	.78	
Morrison Inc	M	25.13	.50	2.0	25.38	24.50	25.38	20.47	2,033	1.42	2.21	-35.7	30.6	.48b	1.9	.....	6 mos.	11-86	144.1	123.8	5.3	5.4	.37	.37	285.8	252.6	11.0	10.3	.77	.71	
Morgan's Food	A	1.88	.00	.0	1.88	1.75	2.75	1.13	352	.37	1.11	-66.7	NE	.00	.0	.....	9 mos.	11-86	5.1	3.8	.2	.1	.02	.03	14.1	11.8	.5	.2	.06	.05	
Mr Steak	O	1.06	.00	.0	1.13	1.06	1.50	.38	595	1.24	1.33	-6.8	NE	.00	.0	.....	fiscal	09-86	7.7	11.0	(.2)	(2.1)	(.01)	(.44)	29.3	32.8	(1.1)	(2.7)	(.19)	(.58)	
Nathans	M	7.88	.00																												

FINANCIAL NEWS

NOTES AND EXPLANATIONS: Market: N—New York Stock Exchange, A—American Stock Exchange, O—NASDAQ Over-The-Counter, M—NASDAQ National Market. **Reporting Period:** 3 mos.—First quarter of fiscal year, 6 mos.—First six months of fiscal year, 9 mos.—First nine months of fiscal year, fiscal—Fiscal year, NEW—New report since last issue. **General Field Footnotes:** NA—Not available or not applicable, NC—Data required for calculation currently incomplete in our files, NE—Negative earnings invalidate calculations, NM—No meaningful figure, a—stock dividend, b—cash plus stock dividend. **The Charts:** The NRN Stock Index calculates the per cent change in the market value of food-service operators since Oct. 28, 1983. The NRN Index vs. Dow Jones Index calculates the relative performance of the two indexes from their levels of 52 weeks ago.



Source: Media General Financial Services

Oct. 28, 1983 = 100

Stock Market													Financial Update																	
Company and Market	Price								Volume				P/E	Indicated		Latest Report			Latest Quarter						Year-to-Date					
	1-30-87	Weekly Change		Weekly Range		52-Week Range		Weekly Shares Traded		12-Week Avg. Vol.	Trend	Divd. Rate		Latest Report			Revenue		Net Income		E.P.S.		Revenue		Net Income		E.P.S.			
		Close	Amt.	Pct.	High	Low	High	Low	Total					% Out	As % Out	Change	Report	Period	Ended	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago	Latest	Yr. Ago
-	\$	\$	%	\$	\$	\$	\$	(100)	%	%	%	-	\$	%	-	-	-	\$M	\$M	\$M	\$M	\$	\$	\$M	\$M	\$M	\$M	\$	\$	
Hotels, Motels, and Casinos																														
Brock Hotel	N	9.50	.00	.0	9.63	9.13	93.75	6.25	1,171	1.79	1.18	51.7	NE	.00	.0	9 mos.	09-86	42.5	55.8	.2	(39.1)	(.49)	(42.50)	136.9	184.5	.8	(38.9)	.13	(42.00)	
Club Med	N	27.88	-.13	-.4	28.88	27.75	32.25	21.25	779	.57	.63	-9.5	21.9	.20	.7	fiscal	10-86	70.2	58.2	(.3)	(1.3)	(.02)	(.09)	337.0	279.7	17.4	14.2	1.27	1.04	
Golden Nugget	N	11.00	.00	.0	11.13	10.63	16.00	9.13	3,864	1.17	2.22	-47.3	91.7	.00	.0	9 mos.	09-86	102.9	104.3	5.8	8.3	.16	.24	288.7	294.4	10.4	29.3	.31	.84	
Hilton Hotels	N	70.75	.25	.4	72.50	70.00	80.25	62.25	3,460	1.39	1.28	8.6	18.0	1.80	2.5	fiscal	12-86	197.0	184.3	26.1	28.8	1.05	1.16	740.4	712.4	97.8	100.2	3.92	4.03	
Holiday Cp	N	74.50	1.00	1.4	74.88	73.13	81.00	54.25	15,239	6.20	8.40	-26.2	15.9	.00	.0	9 mos.	09-86	447.5	489.8	35.4	50.8	1.44	1.83	1256.0	1387.3	93.3	116.7	3.69	4.07	
LaQuinta Mot	N	11.88	.00	.0	12.13	11.63	19.75	11.25	956	.70	1.75	-60.0	NM	.00	.0	6 mos.	11-86	42.0	43.0	(2.0)	1.2	(.15)	.09	96.1	93.0	.5	5.2	.03	.36	
Prime Mtr Inn	N	39.50	-.50	-1.3	40.00	37.50	45.38	24.50	5,660	1.94	1.57	23.6	27.2	.08	.2	3 mos.	09-86	90.1	74.5	11.8	7.8	.40	.30	90.1	74.5	11.8	7.8	.40	.30	
Ramada Inc	N	6.75	.13	1.9	6.88	6.50	11.00	6.00	8,988	2.26	2.26	.0	24.1	.00	.0	9 mos.	09-86	195.5	157.1	7.0	10.5	.18	.28	510.4	444.5	8.6	11.5	.22	.31	
Resorts Intl A	A	46.00	1.00	2.2	46.88	42.88	77.00	42.75	1,451	2.26	2.19	3.2	NE	.00	.0	9 mos.	09-86	117.3	87.9	38.3	1.9	5.95	.29	344.6	325.8	(8.5)	7.8	(1.32)	1.20	
Servico Inc	M	19.75	-.25	-1.3	20.50	19.75	26.63	16.75	168	.44	.91	-51.6	NM	.00	.0	*	09-86	NC	NC	NC	NC	NC	NC	42.3	NC	1.4	NC	.37	NC	
Sonesta Intl	M	11.25	-2.50	-18.2	11.25	11.25	16.38	10.50	1	.00	.06	-100.0	2.6	.20	1.8	9 mos.	09-86	17.2	19.8	14.0	.5	7.30	.16	52.8	52.7	15.9	(.7)	5.21	(.25)	
Utd Inns	N	34.88	-.63	-1.8	35.13	34.88	51.75	34.63	25	.09	.93	-90.3	NE	.00	.0	fiscal	09-86	43.8	45.5	(3.6)	.4	(1.34)	.13	167.6	173.9	(5.2)	1.9	(1.95)	.72	
Other Companies with Food-Service Operations																														
Allegheny Bev	M	7.50	-1.13	-13.0	8.25	7.25	30.00	7.25	4,019	4.90	4.19	16.9	NE	.40	5.3	6 mos.	09-86	286.3	304.5	(8.2)	4.1	(1.01)	.29	587.8	529.8	(10.6)	74.0	(1.29)	11.23	
Benihana Nati	M	6.13	-.13	-2.0	6.25	6.00	12.50	5.13	184	.54	.90	-40.0	NE	.00	.0	6 mos.	09-86	18.9	15.6	(2.2)	.1	(.62)	.03	46.0	43.7	(3.4)	1.2	(.98)	.39	
Disney Walt Co	N	56.50	3.88	7.4	56.63	52.38	57.00	29.00	39,061	3.00	2.21	35.7	31.0	.32	.6	fiscal	09-86	726.4	590.5	81.1	53.8	.59	.40	2470.9	2015.4	247.3	173.5	1.82	1.29	
Flanigan Ents	A	4.50	-.25	-5.3	4.75	4.13	5.50	3.50	58	.62	.50	24.0	NE	.00	.0	9 mos.	06-86	7.5	12.8	(3.2)	NC	(2.93)	(.06)	29.3	44.7	(2.1)	.4	(1.73)	.40	
Gen Mills	N	48.13	1.63	3.5	49.63	46.38	49.88	30.06	12,621	1.41	1.41	.0	19.7	1.28	2.7	6 mos.	11-86	1341.3	1203.5	69.9	46.0	.79	.52	2527.7	2271.4	129.0	94.9	1.45	1.07	
Grace W R	N	51.50	-1.63	-3.1	53.63	51.50	60.75	45.25	20,791	5.00	3.20	56.3	17.5	2.80	5.4	9 mos.	09-86	1321.2	1758.1	4.4	25.3	.10	.41	3982.2	5246.9	87.7	102.2	2.08	1.96	
Hersey Foods	N	28.63	1.63	6.0	28.63	26.50	29.88	17.34	9,952	1.06	1.02	3.9	20.6	.54	1.9	9 mos.	09-86	596.4	525.3	43.5	31.9	.46	.33	1554.6	1455.3	95.1	76.7	1.01	.81	
Horn & Hardart	A	14.38	-.25	-1.7	15.25	13.50	19.25	6.63	5,207	3.64	3.55	2.5	NE	.00	.0	9 mos.	09-86	92.0	84.1	(37.1)	(5.9)	(2.60)	(.50)	279.0	257.7	(43.1)	(7.6)	(3.10)	(.66)	
LDBrinkman Cp	M	5.38	.00	.0	5.63	5.25	9.88	4.88	802	1.34	2.25	-40.4	8.5	.00	.0	3 mos.	10-86	79.3	63.6	3.5	1.0	.56	.14	79.3	63.6	3.5	1.0	.56	.14	
Ogden Corp	N	50.63	3.00	6.3	51.00	47.50	51.00	27.50	5,295	2.76	2.39	15.5	NE	2.00	4.0	9 mos.	09-86	78.4	263.8	11.4	4.5	.57	.22	616.0	786.1	31.7	21.9	1.62	1.12	
Orange Julius	M	3.38	-.25	-6.9	3.38	3.13	9.00	3.25	55	.31	.68	-54.4	NE	.00	.0	6 mos.	06-86	37.4	37.7	(.5)	(.4)	(.24)	(.21)	74.7	75.4	(.9)	(.7)	(.47)	(.42)	
PepsiCo Inc	N	31.13	.13	.4	32.38	30.00	37.00	23.06	35,940	1.39	1.63	-14.7	18.9	.64	2.1	9 mos.	09-86	2532.8	2071.8	151.8	135.3	.58	.49	6503.9	5636.2	341.2	454.4	1.31	1.60	
Pillsbury Co	N	37.50	-1.13	-2.9	40.00	37.50	41.19	30.19	11,833	1.37	1.41	-2.8	15.4	1.00	2.7	6 mos.	11-86	1688.4	1527.9	53.9	55.0	.62	.63	3071.2	2755.7	101.8	97.7	1.17	1.12	
RJR Nabisco	N	62.63	4.13	7.1	65.63	58.00	65.63	33.00	80,831	3.23	1.51	113.9	16.5	1.60	2.6	9 mos.	09-86	4085.0	4764.0	268.0	257.0	.97	.91	13992.0	11066.0	750.0	667.0	2.62	2.43	
Southland Corp	N	44.88	-1.13	-2.4	46.25	44.50	60.50	42.25	17,199	3.60	3.40	5.9	10.2	1.12	2.5	9 mos.	09-86	480.9	334.2	183.8	79.3	3.78	1.65	6499.3	9479.0	176.9	169.0	3.53	3.55	
Vie de France	M	5.38	-.50	-8.5	5.88	5.25	8.50	4.75	473	.44	.80	-45.0	19.2	.23	4.3	3 mos.	09-86	14.7	14.3	.8	1.0	.08	.10	14.7	14.3	.8	1.0	.08	.10	
Manufacturers and Distributors																														
Alco Standard	N	47.25	.63	1.3	47.50	45.75	48.50	36.00	1,191	.59	.71	-16.9	17.7	1.28	2.7	fiscal	09-86	1106.4	1036.8	14.0	5.6	.67	.26	4314.5	3823.1	57.0	51.4	2.67	2.32	
Anchor Hocking	N	27.38	-1.63	-5.6	29.25	26.25	35.00	23.25	1,755	1.66	1.55	7.1	NE	1.48	5.4	9 mos.	09-86	187.9	180.5	1.8	5.3	.18	.51	554.5	532.5	4.8	10.0	.46	.96	
Angelica	N	27.00	1.00	3.8	27.25	25.50	29.75	22.00	500	.54	.89	-39.3	15.7	.64	2.4	9 mos.	10-86	75.3	70.7	4.6	4.8	.49	.51	215.1	201.1	12.3	13.4	1.32	1.44	
Anheuser Bu	N	32.88	1.00	3.1	33.25	31.13	33.63	20.56	36,374	1.33	1.38	-3.6	20.9	.48	1.5	9 mos.	09-86	2022.0	1831.9	158.0	143.6	.51	.46	5749.8	5302.4	406.6	364.5	1.32	1.17	
Borden Inc	N	54.38	3.13	6.1	55.25	50.63	55.25	34.03	15,533	2.11	1.46	44.5	18.1	1.12	2.1	NEW fiscal	12-86	1356.4	1246.6	68.8	55.7	.93	.73	5002.1	4716.2	223.3	193.8	3.00	2.50	
Bridgeford Fds	M	5.75	.00	.0	6.25	5.75	7.75	4.25	0	.00	.22	-100.0	16.0	.00	.0	9 mos.	07-86	12.9	12.1	.1	(.1)	.07	(.06)	39.9	37.8	.3	.1	.26	.08	
Campbell Soup	N	58.88	-.63	-1.1	60.63	58.25	68.50	47.25	5,032	.78	.73	6.8	16.6	1.44	2.4	3 mos.	10-86	1114.6	1077.6	58.7	51.8	.90	.80	1114.6	1077.6	58.7	51.8	.90	.80	
Carling OKeef	N	9.38	.00	.0	9.38	9.25	11.75	8.38	172	.08	.15	-46.7	NA	.48	NA	6 mos.	09-86	255.6	262.4	4.2	2.5	.17	.09	504.4	504.0	9.8	3.7	.40	.12	
Castle & Cooke	N	20.00	-1.63	-7.5	21.63	19.50	22.00	13.50	4,736	1.01	1.46	-30.8	NE	.00	.0	*	09-86	NC	NC	NC	NC	NC	NC	NC	141.22	NC	75.8	NC	1.41	NC
Cleorox Co	N	59.63	-.50	-.8	60.50	58.63	62.25	44.25	2,832	1.06	1.69	-37.3	15.8	1.52	2.5	NEW 6 mos.	12-86	214.6	207.1	16.0	13.6	.60	.51	488.4	492.2	45.0	40.0	1.69	1.51	
Coca Cola Co	N	42.63	.75	1.8	43.63	41.50	44.88	27.38	48,604	1.26	1.18	6.8	20																	

FINANCIAL NEWS

Cafeterias outpace rest of the industry, analyst says

But tax law could trim profits

MEMPHIS — Cafeteria chains are "outperforming the rest of the industry," said one leading restaurant analyst, but their profits will be depressed this year because of the new tax code.

Craig T. Weichmann of Morgan Keegan here said the cafeteria chains have done well because they have narrowed the competition and possess "some of the strongest balance sheets in the industry." Despite their large presence in the oil-patch states, he said, their operating results are better than those of chains in other segments.

The principal players in the segment are Mobile, Ala.-based, 152-unit Morrison Inc., San Antonio-based 97-unit Luby's Cafeterias Inc. and Baton Rouge, La.-based 109-unit Piccadilly Cafeterias Inc.

Ironically, the new Tax Re-

form Act of 1986, which sets a lower corporate rate—in the mid-30% range—increases the tax burden on cafeterias.

The revised tax code went into effect at the beginning of this year, but the three major cafeteria chains all wind up their fiscal years later in the year. Therefore, they have been paying the old, higher corporate rate.

And, since the new law repeals the investment tax credit, the cafeteria chains' overall tax rates for this fiscal year will be higher than last year's. Because the higher rates have been spread out over the year, Weichmann said, "the net is camouflaged."

Morrison, for example, is expected to register a 28% increase in pretax earnings for the year that ends in May, Weichmann said, noting,

"Here's a company that's starting to wake back up."

But Morrison's net income should be up only 10%, he added, because of an estimated 47% tax rate this year.

Luby's, "showing increased profit margins" despite its

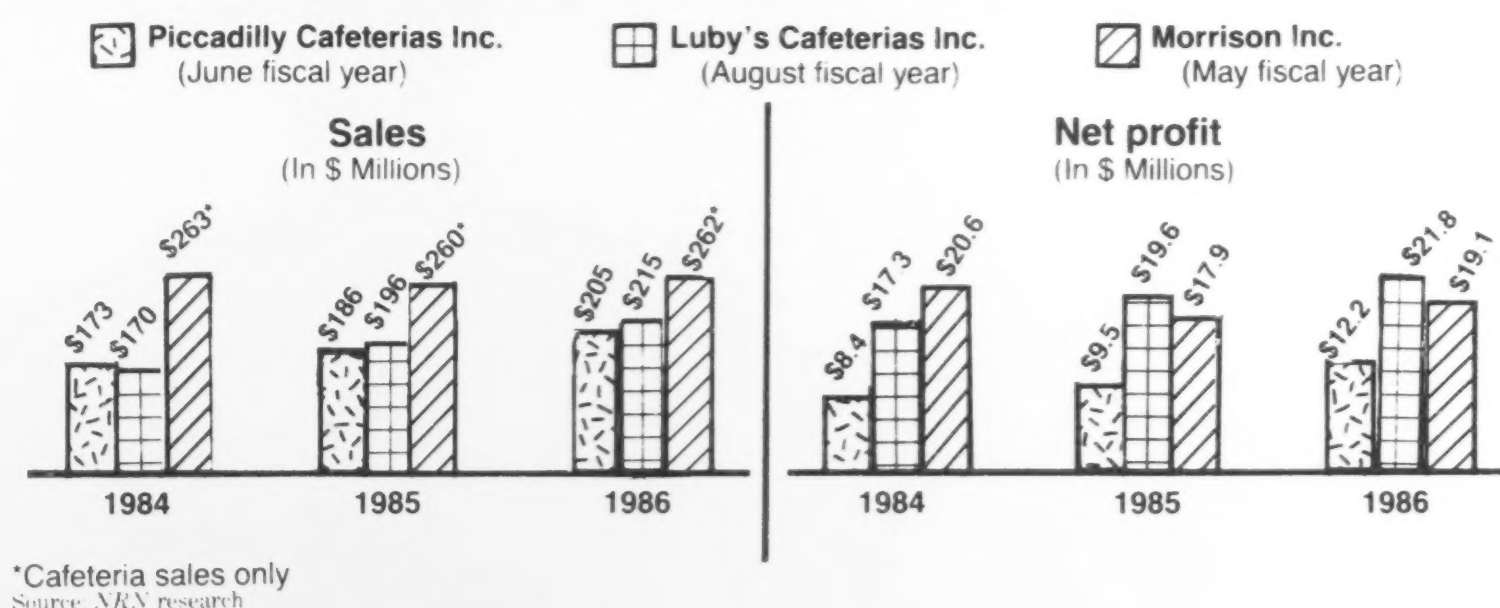
overwhelming presence in economically strapped Texas, will show only a 10% net profit gain because of a 41% tax rate, Weichmann said. Its fiscal year ends in August.

Piccadilly is likely to show an attractive 16% pretax profit in-

crease, the analyst believes, but a higher tax rate—about 44.5%—will lower the net profit for the June-ending fiscal year to about 6%.

Next year, however, earnings should get a boost from the lower rates.

REVENUES AND NET PROFITS FOR MAJOR CAFETERIA CHAINS



INSIDE FINANCE

Outlook: No worse, not much better

"The worst is over for the restaurant industry," says Rebecca Barfield, analyst with First Boston.

But the bad news is "We do not foresee any big rebound." Real sales are "close to flat," she said, so she is recommending only "quality stocks" like Shoney's and McDonald's.

* * *

Shoney's (recent stock price: \$27.13) also rates a long-term buy signal from Smith Barney's Bert Seltzberg, who calls it "one of the best-managed companies in the industry." Same-store sales continue to climb at the Shoney's coffee shops and the Captain D's fast-seafood places. Seltzberg estimates 1987 earnings per share at \$1.35, compared with \$1.15 last year. In last year's fourth quarter, ended Oct. 30, Captain D's real sales rose 3.7%.

* * *

John Weiss at Montgomery Securities picks McDonald's (\$67.63) for buys. Weiss said its valuation is "unusually low" and backs up his contention by estimating that its price-earnings ratio relative to the Standard and Poor 500 will be only 90% this year, compared with as high as 130% in recent years. He expects earnings per share of \$4.40 this year, compared with \$3.73 last year.

Weiss also gives an enthusiastic nod to El Chi-

co, despite weak results lately. At \$4.13 recently, the stock is "extremely undervalued," according to Weiss. Last year it lost 52% of its value. Weiss believes that if the chain can cut its "somewhat excessive" general and administrative expenses by \$3 million, which he said is possible, earnings per share will grow by 40¢ to 45¢. Book value is \$5.14.

* * *

Richard Pyle of Piper, Jaffray & Hopwood sees encouraging signs at Consul Corp., the Minnesota-based Chi-Chi's franchisee. Same-store sales have been up 1% in each of the past two quarters. But profitability is still out of reach because of high debt and interest expense. Pyle anticipates a third-quarter loss of 12¢ a share, compared with a 22¢ loss last year. Shares (recently at \$1.75) are "reasonably priced," he said.

* * *

Western Steer-Mom 'n' Pop's (\$13.75) wins a short-term and long-term buy recommendation from Neal Kaplan at Interstate Securities. This company, he said, "is in a good position for strong earnings growth" this year. Reasons: sales and profit gains from the new yeast-roll line and hot-food bars and the spreading of costs over a larger store base.

Compiled by Don Jeffrey

NRN FINANCIAL DIGEST

Pancho's net rises 23%

FORT WORTH — A 5% real sales gain helped boost Pancho's Mexican Buffet's first-quarter profit 23%, to \$467,632, according to the company. Revenue increased 18%, to \$10.7 million.

President Hollis Taylor said two new Pancho's were opened during the quarter and one since then, making a total of 45 units.

Captain Crab reports profit

MIAMI — Strong sales at a 400-seat restaurant opened last fall in Fort Lauderdale, Fla., helped Captain Crab report its fourth consecutive quarterly net profit, the company said.

It indicated a \$152,163 profit for the first quarter, ended Nov. 30, compared with a \$142,635 loss the year before. Quarterly sales rose 10%, to \$2.6 million.

Captain Crab operates full-service restaurants under the name The Crab House Seafood Restaurant and fast-service outlets called Captain Crab's Take-Away. The new unit averaged \$61,500 in weekly sales, the company said.

Naugles board approves merger

ORANGE, Calif. — A special committee of Naugles Inc.'s board of directors has approved in principle the proposed merger with Collins Foods International, said Naugles chairman, Richard P. Birmingham.

Each Naugles share of stock would be converted to a 0.2326 share of Collins, for a total valuation of more than \$9.9 million, based on a \$19-a-share price.

Naugles shareholders must approve the plan at a special meeting in April.

USACafes signs new pacts

DALLAS — USACafes said it had sold three area-development agreements for Bonanza restaurants, for a total of about \$1.8 million.

According to the franchisor, which recently changed from corporation to limited partnership, one current licensee bought rights to counties in Missouri, Illinois and Tennessee, while another agreed to develop two other Illinois counties. And an investor group that operates other restaurant concepts has the rights to a county in Washington State.

Zab's given time to comply

PITTSFORD, N.Y. — Zab's Backyard Hots, which had failed to meet financial requirements of the National Association of Securities Dealers for the listing of its stock quotations, said that NASDAQ had granted it an exception until March 31.

Financial statements for the period ended Sept. 26 showed the company did not meet capital and surplus requirements. Zab's said that if NASDAQ ceased to list its quotes, it would seek listing on the over-the-counter market.

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